



# Programs & Services

A black and white photograph of a hand placing a blue puzzle piece into a larger puzzle. The hand is positioned over the puzzle piece, and the puzzle piece is being inserted into a gap. The puzzle is set against a dark, textured background.

5th Edition

*America's Small Business Resource*

# **Banner Guide**

**General SBA Information**

**Financial Assistance**

**Federal Government Contracting Assistance**

**Business Counseling & Training**

**Disaster Assistance**

# Programs & Services Overview

- Financial Assistance
- Federal Government Contracting Assistance
- Business Counseling & Training
- Advocacy
- Disaster Assistance
- And Targeted Assistance for:
  - Veterans
  - Exporters
  - Native Americans
  - Small Disadvantaged Businesses
  - Women
  - Empowerment Zones/Enterprise Communities
  - Franchisors/Franchisees
  - Historically Underutilized Business Zones

# Financial Assistance

- Loans
  - Primarily made by private lenders, with SBA guaranties
  - Guaranties generally up to 85% of loans to \$150,000; 75% of loans above \$150,000
  - Maximum guaranty is \$1 million
  - No SBA grants to start a business
- Equity Investment
  - Provided by SBA-licensed small business investment companies
- Surety Bonds
  - Guaranties of bid, performance and payment bonds

# The Basic 7(a) Loan Guaranty Program

- You apply for a loan guaranty with an SBA participating lender
- The lender submits an application for SBA review and approval
- After SBA approval, the lender disburses funds
- More information is available at: [www.sba.gov/financing/fr7aloan.html](http://www.sba.gov/financing/fr7aloan.html)

# Use of Proceeds

## **7(a) loans may be used to:**

- Expand, renovate facilities;
- Buy machinery, equipment, fixtures, buildings and land for business;
- Finance receivables and augment working capital;
- Refinance existing debt (with compelling reason);
- Finance seasonal lines of credit; and/or
- Construct commercial buildings.

# Eligibility Requirements

## **Businesses must:**

- Be operated for profit
- Not exceed SBA size standards
- Not engage in lending, real-estate development, investments or speculation

# Maximum Size Standards

## **Manufacturing**

- 500-1,500 employees

## **Wholesaling**

- 100 employees for financial assistance programs  
(500 employees for contracting assistance programs)

## **Services**

- \$4 million to \$29 million in annual receipts, or
- 1,500 employees

## **Retailing**

- \$6 million to \$24.5 million in annual receipts

## **General and heavy construction**

- \$17 million to \$28.5 million in annual receipts

## **Special trade construction**

- \$12 million in annual receipts

## **Agriculture**

- From \$750,000 to \$10.5 million in annual receipts

# Lender Requirements

*Common documentation includes:*

- Purpose of loan
- Business history\*
- 3 years of financial statements\*
- Schedule of term debts\*
- Aging of accounts receivable and payable\*
- Projected opening-day balance sheet\*\*
- Lease deals
- Amount of owner investment in business
- Projections of income, expenses and cash flow
- Signed personal financial statements
- Personal résumés

*\*for existing businesses      \*\*for new businesses*

# SBA Requirements

- Good character
- Management expertise and commitment to succeed
- Reasonable personal contribution or business equity
- Feasible business plan
- Sufficient collateral
- Ability to repay loan from projected operating cash flow

# Terms

- Flexible maturities:
  - Up to 10 years for working capital
  - Up to 25 years for fixed assets:
    - Real estate
    - Construction
    - Equipment
- Interest rates:
  - Negotiated between borrower and lender
  - Typically cannot exceed prime rate plus 2.75%

# Fees

Maturity SBA Loan Portion		Guaranty Fee*
1 year or less	Any amount up to \$750,000	0.25%
Over 1 year	\$150,000 or less	2.0%
Over 1 year	\$150,000 and \$700,000	3.0%
Over 1 year	More than \$700,000	3.5%

*\* Subject to change – check with your local SBA office*

# Fee Example

**On loans where the SBA's portion exceeds \$80,000:**

$$\begin{array}{rclcl} \text{Total Loan Amount} & \times & \text{Guaranty Rate} & = & \text{Maximum Guaranty Amount} \\ \$800,000 & \times & 75\% & = & \$600,000 \end{array}$$

**Fee Structure on \$600,000 Guaranty:**

$$\begin{array}{rclcl} \$600,000 & \times & 3.0\% & = & \$21,000 \end{array}$$

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$$\begin{array}{rcl} \text{Total Guaranty Fee:} & & = \$21,000 \end{array}$$

# Collateral

- Personal guaranties from principals owning 20 percent or more
- Liens on personal assets may be required
- Loans are not declined for insufficient collateral

# **CAPLines**

*(Working Capital Program)*

- For short-term and cyclical working capital
- SBA guaranty up to \$1 million
- Advanced against inventory or revenue
- Maximum maturity of five years
- Five types include:
  - Seasonal Line
  - Contract Line
  - Builders Line
  - Standard Asset-Based Line
  - Small Asset-Based Line

# DELTA

*(Defense Loan & Technical Assistance Program)*

- Helps small businesses adversely affected by defense cuts
- Aids diversification into commercial markets
- Used to retain jobs for defense workers or for expanding or modernizing your business
- Helps with transition by providing technical assistance
- Uses the 7(a) and 504 programs
  - Loans up to \$1.25 million (SBA guaranty of \$1 million)
  - SBA-backed debentures of up to \$1 million under 504 (maximum 40% of project)

**Financial Assistance: Special 7(a) Programs**

# CAIP

*(Community Adjustment & Investment Program)*

- Government partnership with the North American Development Bank
- Loans for businesses adversely affected by the North American Free Trade Agreement
- Must create or preserve at least one job per \$70,000 of federally guaranteed funds
- Available in select geographical areas

# EWCL

*(Export Working Capital Loan)*

- Short-term financing for small exporters
- SBA guaranty — up to 90% of the loan or \$1 million
- One-page application; turnaround — usually less than 10 days
- Maturity —
  - Matches a single transaction cycle, or
  - Supports a line of credit, generally 12 months
- Repaid from the proceeds of the export sales
- May be used for both —
  - Pre-shipment working capital
  - Post-shipment exposure

# ITL

*(International Trade Loan)*

- Long- and short-term financing —
- Guaranty amounts up to \$1.25 million
- For businesses that are —
  - Engaged or preparing to engage in international trade
  - Adversely affected by import competition
- May be used for —
  - Working capital and/or
  - To purchase facilities or equipment that will be used within the U.S. for producing goods or services

## **Energy & Conservation Loan**

- For companies that engineer, build, distribute, market, install or service energy conservation devices
- SBA maximum loan amount of \$1 million
- Up to 85% guaranty on loans to \$150,000; 75% on loans between \$150,000 and \$1 million

## **Pollution Control Loan**

- For businesses that design, build, install or service pollution control devices
- Guaranty of up to \$1 million

# **SBA Applications & Approvals**

- Lender submits a completed loan application to the SBA
- SBA analyzes entire application
- Approval process might take 10 days

# **SBA Certified Lenders Program**

- Lender is experienced with SBA programs
- Lender receives partial loan approval authority
- Three-day SBA response

# **SBA Preferred Lenders Program**

- Selected, experienced SBA lenders
- Full authority for loan approvals
- One-day SBA response

# **SBA*LowDoc***

## *(Low Documentation Loan Program)*

- For loans up to \$150,000
  - Up to 10 years for working capital; 25 years for fixed assets
- Up to 85% guaranty
- One-page SBA application
- SBA response to lender within 36 hours

## ***SBAExpress***

- Uses lender's forms — not the SBA's
- Loans or revolving lines of credit to \$250,000
- SBA guaranty of 50%
- 36-hour response from the SBA

# **Community*Express***

- Spurs job creation
- For underrepresented minorities, veterans and women business owners
- Businesses located in low/moderate income urban and rural areas
- Maximum loan amount of \$250,000
- Technical training and support included

## **SBA Export*Express***

- Uses lenders approved for SBA*Express*
- Expedited review and approval process
- Maximum loan amount of \$250,000
- Proceeds used for most export-related purposes

# Loan Prequalification

- Loans of up to \$250,000
- For veterans, minorities, women, exporters, rural business owners
- For selected industries and geographical areas
- Help in preparing a viable 7(a) loan application
- Focus on character, credit, reliability, not assets
- Help in finding a lender

# 7(m) MicroLoan

- Direct loans through nonprofit intermediaries
- Loans of up to \$35,000
- Fast turnaround
- Up to six years to repay
- Used for —
  - Machinery, equipment, fixtures
  - Leasehold improvements
  - Inventory
  - Working capital
- Technical and management assistance available
- More information is available at: [www.sba.gov/financing/frmicro.html](http://www.sba.gov/financing/frmicro.html)

# **Loans for Fixed Assets**

## **504 Certified Development Company Program**

- Long-term, fixed-rate financing
- Generally up to \$1 million in SBA-backed debentures
- SBA debenture guaranty of 40%
- Must create or retain one job for every \$35,000 of SBA debenture proceeds
- DELTA funding also available under this program
- More information is available at: [www.sba.gov/financing/frcdc504.html](http://www.sba.gov/financing/frcdc504.html)

## **To Qualify for a 504 Loan\***

- Business must be operated for a profit
- Tangible net worth of less than \$6 million
- Average net income of less than \$2 million for the preceding two years

\* Business cannot be involved in speculation  
or rental real estate investment

## **A Typical 504 Project Includes —**

- A private sector loan covering up to 50%
- A loan from the CDC covering up to 40%  
(100% SBA-guaranteed debenture) and
- At least 10% equity from the small business

# **SBA Franchise Registry**

- For franchisors and franchisees
- Free for franchisees
- Eliminates document review for franchisees in the SBA loan process
- More information is available at:
  - [www.franchiseregistry.com](http://www.franchiseregistry.com)

# **Loan Repayment - Should Problems Arise**

- Monthly payments include principle and interest
- Business counseling and assistance is available
- The SBA will work closely with the borrower and lender

# The Small Business Investment Company Program

- SBA-licensed private investment companies
- SBIC venture capital backed by SBA guaranties
- Long-term loans, up to 20 years
- Funding available for manufacturing and service industries
- More information is available at: [www.sba.gov/financing/investment.html](http://www.sba.gov/financing/investment.html)

**Financial Assistance: Equity Investment**

# Specialized SBICs

- Follow the general SBIC guidelines
- SSBICs make smaller investments, often as loans
- Targeted to businesses owned by socially and economically disadvantaged people

# SBIC Program Success Stories

## *Fortune 500 Companies*

- Apple
- Cray Research
- Federal Express
- Intel
- Staples
- Quantum
- Sports Authority
- Callaway Golf
- Pandick Press
- Rolm Corp.
- Teledyne
- Gymboree
- Oracle
- Sybase
- America Online
- Outback Steakhouse

**Financial Assistance: Equity Investment**

# **New Markets Venture Capital Program**

- Combines equity investment with technical assistance
- Targeted for rural and inner city areas
- Fosters new business and job creation
- More information is available at: [www.sba.gov/INV](http://www.sba.gov/INV)

**Financial Assistance: Equity Investment**

# **The Surety Bond Guarantee Program**

- Bid, performance and payment bonds
- For federal, state, local and private projects
- SBA guaranty of up to \$2 million
- Generally all types of small businesses eligible
- More information is available at: [www.sba.gov/osg](http://www.sba.gov/osg)

# Federal Government Contracting Assistance

- To create an environment for maximum participation by small, disadvantaged, and woman-owned businesses in federal government contract awards and large prime subcontract awards.
- More information is available at: [www.sba.gov/GC](http://www.sba.gov/GC)

## Natural Resources Sales

- Helps small businesses receive their share of federal property for sale or disposal
- Includes timber, royalty oil, coal and mineral leases, surplus property

## Prime Contracting

- Promotes full, open competition
- Designed to increase small business' share of federal contracts
- SBA initiates set-asides, identifies small business sources and provides counseling

**Federal Government Contracting Assistance**

# **Subcontracting**

- Promotes small businesses to larger contractors
- Provides counseling on marketing and opportunities

## **Certificate of Competency**

- Provides appeal process for small businesses denied federal contracts

## **Women-Owned Business Procurement**

- Teaches women to market their businesses to the federal government
- Conducts conferences at federal procurement sites
- More information is available at: [www.sba.gov/gc/wbpprgm.html](http://www.sba.gov/gc/wbpprgm.html)

# CAWBO

*(Contracting Assistance for Women Business Owners)*

- Increases federal contracting opportunities for women
- Contracts up to \$3 million for services and \$5 million for manufacturing
- More information is available at: [www.sba.gov/gc/indexprograms-cawbo.html](http://www.sba.gov/gc/indexprograms-cawbo.html)

# **PRO-Net<sup>®</sup>**

*(Procurement Marketing & Access Network)*

- Features online information database of small businesses for contracting officers
- Markets small businesses to potential customers
- Provides links to federal agencies and procurement opportunities
- More information is available at: <http://pronet.sba.gov>

# **SUB-Net**

- An extension of PRO-Net<sup>®</sup>
- Features subcontracting opportunities from prime contractors, federal, state and local governments
- More information is available at: <http://web.sba.gov/subnet/>
  - (Click on “Subcontracting Opportunities”)

# **HUBZones**

*(Historically Underutilized Business Zone Program)*

- Develops historically underutilized urban and rural areas
- Establishes federal award preferences for small businesses
- More information is available at: [www.sba.gov/hubzone](http://www.sba.gov/hubzone)

# **Research & Development Assistance**

- To strengthen and expand the competitiveness of U.S. small high technology research and development businesses in the federal marketplace.
- More information is available at: [www.sba.gov/sbir](http://www.sba.gov/sbir)

## **Small Business Innovation Research**

- Meets specific research and R&D needs of the federal government
- Promotes commercialization of results
- Awards federal grants competitively

## **Small Business Technology Transfer**

- Awards federal grants competitively
- Mandates company collaboration with nonprofit research institution

**Federal Government Contracting Assistance: R&D**

# **Research & Development Assistance**

## **Federal and State Technology Partnership**

- Enhances or develops technical competitiveness of small businesses
- Cooperative agreements awarded competitively

## **Rural Outreach**

- Provides grants to underserved states
- Part of SBIR and STTR programs

**Federal Government Contracting Assistance: R&D**

# **Business Counseling & Training**

## **Service Corps of Retired Executives**

- 11,500 SCORE volunteers nationwide in 389 chapters
- Business counseling and expertise
- Business-plan and loan-application assistance
- Online or in-person counseling
- More information is available at: [www.score.org](http://www.score.org)

# **Small Business Development Centers**

- Provide management and technical assistance
- Combine resources of SBA, local government, private sector and academia
- Typically located at colleges and universities
- Assist with loan applications
- More information is available at: [www.sba.gov/sbdc/index.html](http://www.sba.gov/sbdc/index.html)

# **Paul D. Coverdell Drug-Free Workplace**

- Provides grants/contracts to intermediaries to help small businesses establish drug-free workplace programs
- Programs consist of:
  - written policy
  - drug & alcohol abuse prevention training
  - drug testing
  - employee assistance program
  - Continuing education

# **Business Information Centers**

- Free access to computers, software, SCORE counseling
- Business library resources available
- Assistance with marketing, business plans, pricing, exporting and more
- More information is available at: [www.sba.gov/bi/bics/index.html](http://www.sba.gov/bi/bics/index.html)

# Veterans Business Outreach Program

- Provides business development help for veterans
  - Entrepreneurial training
  - Counseling
  - Management assistance
- Available in Florida, New York, Texas and West Virginia  
*(additional sites might be added)*
- More information is available at: [www.sba.gov/VETS](http://www.sba.gov/VETS)

# **Assistance for Exporters**

## **U.S. Export Assistance Centers**

- USEACs are a combined effort of —
  - U.S. Small Business Administration
  - U.S. Department of Commerce
  - Export-Import Bank of the United States
- The SBA's role:
  - Export Working Capital Loan prequalification
  - International Trade Loan and EWCL loan processing
  - Education and Training
- More information is available at: [www.sba.gov/oit/](http://www.sba.gov/oit/)

# TradeNet's Export Advisor

- An Internet site offering government and industry contacts to small business exporters at **[www.tradenet.gov](http://www.tradenet.gov)**

## ELAN

*(Export Legal Assistance Network)*

- Offers free, initial consultation with international trade attorney
- Cooperative effort of SBA, Department of Commerce and Federal Bar Association
- Contact local SBA field office to participate

# **E-TAP**

*(Export Trade Assistance Partnership)*

- Helps small business owners become export-ready
- Divided into four segments
  - Partnership
  - Training
  - Counseling
  - International trade shows/missions
- Contact local U.S. Export Assistance Center to participate

# Trade Mission Online

- Accessed through PRO-Net®
- Features online database of U.S. small businesses wanting to export
- Search engine for foreign businesses seeking U.S. business alliances
- More information is available at: [www.sba.gov/tmonline](http://www.sba.gov/tmonline)

# **Assistance for Small & Disadvantaged Businesses**

## **Certification**

- Offers price evaluation credits for competitive bidding on federal contracts
- More information is available at [www.sba.gov/sdb/indexsdbapply.html](http://www.sba.gov/sdb/indexsdbapply.html)

## **8(a) Business Development**

- Offers federal contracting set-asides
- Business development support

## **7(j) Management & Technical Assistance**

- Offers assistance to 8(a) businesses in accounting, marketing and bid preparation
- More information is available at: [www.sba.gov/8abd](http://www.sba.gov/8abd)

# **Assistance for Women**

## **Women's Business Centers**

- Provide training, counseling, mentoring
- Tailor programs to local community needs; includes assistance to economically and socially disadvantaged women
- More information is available at: [www.sba.gov/womeninbusiness](http://www.sba.gov/womeninbusiness)

## **Online Women's Business Centers**

- Management, networking, market research information
- Interactive mentoring
- More information is available at: [www.onlinewbc.gov](http://www.onlinewbc.gov)

# **Women's Network for Entrepreneurial Training**

- Provides mentoring through roundtables
- Promotes networking
- Brings together WBCs, SBICs, SCORE, business leaders
- More than 160 WNET roundtables nationally

# Business Information Services

- Home Page            [www.sba.gov](http://www.sba.gov)
- Phone:                1-800-U ASK SBA
- TDD:                 704-344-6640
- Fax:                  202-205-6190
- E-mail:                [answerdesk@sba.gov](mailto:answerdesk@sba.gov)

# **U.S. Business Advisor**

- Provides a one-stop link for small business information and services by the federal government
- Features loan information, counseling, regulations and law guidance
- Furnishes tutorials and online classes
- More information is available at: [www.business.gov](http://www.business.gov)

# **www.BusinessLaw.gov**

- Provides legal and regulatory information
- You can also:
  - Apply for licenses or permits
  - E-file tax returns
  - Confer with other business owners

# **Advocacy for Small Business**

## **Office of Advocacy**

- Researches issues, develops policy and monitors effects
- Produces economic reports and interprets small business statistics
- Primary federal office disseminating small business data
- Oversees compliance with Regulatory Flexibility Act
- More information is available: at [www.sba.gov/advo](http://www.sba.gov/advo)

# **Advocacy for Small Business**

## **Small Business & Agricultural Regulatory Enforcement Ombudsman**

- Provides means to register comments about regulatory enforcement actions
- Administers 10 Regulatory Fairness Boards
- Attempts to substantiate and report comments to Congress
- More information is available at: [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman)

# **Disaster Assistance**

## **Loan Programs for Homes and Personal Property**

- Real property loans
  - For uninsured losses to \$200,000
  - To restore homes to pre-disaster condition
- Personal property loans
  - For uninsured losses to \$40,000
  - Do not cover antiques, luxuries

# **Loans for Businesses**

## **Physical disaster business loans**

- Available to qualified businesses of any size
- Cover uninsured losses up to \$1.5 million
- Used to repair or replace business property

## **Pre-disaster mitigation loans**

- Fund specific projects to prevent disaster damage
- FEMA designates specific areas
- Loan of up to \$50,000 available

# **Economic Injury Disaster Loans**

- Cover economic injury losses up to \$1.5 million
- Limit may be waived for major source of employment (employs 250 or more in affected areas)

# **Military Reservist Economic Injury Disaster Loans**

- For economic injury due to loss of key employee called up as military reservist
- Sustain small business until employee is released from active military duty
- Loans of up to \$1.5 million
- More information about the SBA's disaster loans programs is available at: [www.sba.gov/disaster](http://www.sba.gov/disaster)



**Thank You!**



**1-800-U ASK SBA**

**[www.sba.gov](http://www.sba.gov)**